



# PLANNING AND EXPANSION

March 5, 2002



## Summary of Comments

- Stakeholder “need” to ensure that facilities are sufficiently planned and expanded in order for RTO West to provide adequate service
  - RTO West Expansion Authority
    - RTO West should have more authority to approve and modify project proposals and cause expansion (**PNGC, NRU**)
    - In order to understand proposal, key terms should be defined for purposes of filing (market failure, significant, chronic, commercial congestion)(**Snohomish, PGP**)
    - In order to have certainty with respect to transmission adequacy backstop, Transmission Adequacy Standards should be defined in an open process prior to final FERC approval of RTO West (**NRU, PNGC, WPAG**)



## Summary of Comments (Cont'd.)

- Chronic, Commercial Congestion
  - The term “serious” or “significant” should be restored to the description of this backstop authority (**NWEC, OOE**)
  - “Demonstration” of market failure should be required by RTO West Board, not determination (**NWEC, OOE**)
  - RTO should be able to implement non-wires solutions when it acts to mitigate significant, chronic commercial congestion (**OEE, NWEC, NRU, PNGC**)
- ETO Planning of Other Than RTO West Controlled Transmission Facilities
  - Transmission customers should have right to RTO West dispute resolution regarding planning of other than RTO West Controlled Transmission Facilities (**NRU, PNCG, WPAG**)



## Summary of Comments (Cont'd.)

- Renewable (Intermittent) Resources
  - Incentives should be provided to encourage development of renewable/intermittent resources (**ATNI-EDC**)
- Participation in Projects that Add Capability to Existing RTO West Controlled Transmission Facilities
  - Language regarding “Pending Projects List” should be tightened to reflect agreement (**ICNU, WPAG**)



## Summary of Comments (Cont'd.)

- Allocation
  - “Certain Distribution Facilities” should not be subject to a different allocation threshold/mechanism (**WPAG, NWECC, OEE**)
  - Costs of third-party projects should never be allocable to other parties, even when transmission adequacy benefit has been conferred (**PGP**)



## Summary of Comments (Cont'd.)

- Expansion
  - What rights will an entity upgrading or expanding RTO West Controlled Transmission Facilities receive? (**ICNU**)
- Transition
  - RTO West planning should commence as soon as the Board is seated, and not the RTO West Service Commencement Date (**PNGC, NRU**)



# Responses

## Broader RTO West Authority to Cause Expansion

- The planning proposal encourages market-driven expansion while providing RTO West backstop authority to arrange for upgrades or expansions in very specific instances:
  - To ensure compliance with Transmission Adequacy Standards
  - To mitigate significant, chronic, commercial congestion that has not be mitigated due to specific instances of market failure
  - To supplement a PTO's Congestion Management Assets to the extent an arbitrator has found them to be insufficient to support the PTO's Catalogued Transmission Rights
  - To restore TTC as required in the TOA



## Responses

Need for More Definition in Proposal/Development of Transmission Adequacy Standards Prior to FERC Approval

- Pursuant to Order 2000, the planning proposal grants RTO West ultimate authority over planning and expansion of RTO West Controlled Transmission Facilities, and the filing utilities believe that RTO West should decide the specifics of how it fulfills those responsibilities
- With respect to the details of the significant, chronic, commercial congestion backstop authority, it is impossible to predict what is going to happen to the system and, as such, proposal does not predetermine when and how that authority will be exercised but requires that prior to invoking the authority, the RTO must develop implementation specifics in a stakeholder process





## Responses

Need for More Definition in Proposal/Development of Transmission Adequacy Standards Prior to FERC Approval (Cont'd.)

- Development of Transmission Adequacy Standards is critical to the filing utilities as well as the other stakeholders
  - It is anticipated that the development process will represent a significant effort (likely to take at least a year)
  - As such, not able to commit that they will be finalized prior to FERC approval
  - Not precluding working on standards prior to RTO West Service Commencement Date (might even be discussed in SSG-WI work group)

## Responses

### Chronic, Significant Commercial Congestion

- The word “significant” has been added back to the description of the backstop authority both in the TOA and the planning document
- The word “demonstrates” has been substituted for “determines” both in the TOA and the planning document (the RTO can exercise this authority when it, in consultation with the MMU, demonstrates that specific instances . . . )
- The compromise leaves further definition of this backstop authority to the RTO



# Responses

## Chronic, Significant Commercial Congestion

- The filing utilities do not believe it is appropriate to give the RTO authority to implement non-wires solutions as part of this backstop authority (RTO West will have this authority when implementing transmission adequacy backstop authority)
  - Chronic, significant, commercial congestion is a transmission issue, and it is not clear to all of the filers how a non-wires approach could remove congestion (although it provides a tool to manage congestion, as already provided in the congestion management model)
  - The filing utilities are concerned about allowing the RTO to become a participant in energy markets



## Responses

### ETO Planning of Other Than RTO West Controlled Transmission Facilities

- The filing utilities are currently considering the following approach, but have not received management approval: Transmission Customer will have access to RTO West dispute resolution with respect to planning issues over other-than RTO West Controlled Transmission Facilities to the same extent it would have access to NRTA dispute resolution



## Responses

Participation in Projects that Add Capability to Existing RTO West  
Controlled Transmission Facilities

- The TOA and planning document have been conformed to provide the same treatment of this topic, and the language regarding Pending Projects List has been tightened



# Responses

## Renewable (Intermittent) Resources

- Although the planning document does not provide for special planning consideration of renewable (intermittent) resources, the specifics of the planning process will be developed by RTO West in an open stakeholder process



# Responses

## Allocation

- The treatment of Class C Facilities was developed to accommodate the dual nature of this facilities and the filing utilities have decided to continue to treat them separately for allocation purposes
- The ability of the RTO to allocate costs of third party projects that confer a transmission adequacy benefit (which allocation is capped by the cost of the avoided project) provides an incentive for market-driven expansion and has been retained



# Responses

## Expansion Rights

- A party upgrading or expanding RTO West Controlled Transmission Facilities will receive the congestion management rights that result from its upgrade or expansion (unless the expansion is for the purpose of supplementing or modifying a PTO's Congestion Management Asset Portfolio)
  - Project sponsor and RTO West will negotiate the specific nature of those rights
  - If capability is added to a PTO's existing facility (during two year window or to a facility identified on Pending Project List), a PTO has the right to participate as provided in the TOA/planning document
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# Responses

## Expansion Rights

- Additional work is needed on this topic
  - In particular, should project sponsors receive some type of reservation rights?
  - What other incentives can be provided to cause market-drive expansion?



# Responses

## Transition

- Transitional planning will be addressed in the context of the SSG-WI planning work group
- The filing utilities do not intend that regional planning be put on hold until RTO West becomes operational